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Summary

In sum, observers have characterized certain more or less precisely defined periods as times of change in the pace of the German economy. The concepts and methods used in this study give precision to these notions. The result is the selection, in each instance, of one particular month in which the German economy turned from rapid to relatively slow growth or vice versa. If accepted, such firm dates will enable analysts to measure cyclical changes in the German economy in the fashion used for the United States economy and thus to obtain comparable insights.

Although one or another of the selected dates may be shifted by a month or two on further study, the chronology deserves, in my judgment, to be accepted with confidence. The business cycles marked off by the new turning points are without doubt real phenomena, not figments of statistical procedures.

The final dates chosen are the four downturns in April 1951, January 1956, January 1961, December 1965, and the four upturns in January 1954, March 1959, February 1963 and June 1967. In a period of sixteen years we thus recognize three and a half business cycles with average durations of fifty-four and fifty-nine months for the three upturn-to-upturn and the three downturn-to-downturn cycles respectively. Compared to United States classical business cycles, 1945-61, which ran on the average for forty-six months, our German cycles are somewhat longer. They are shorter, on the other hand, than earlier (1879-1932) German classical business cycles which had an average duration of sixty-four months.⁵²

As expected, the durations of the cycle phases differ far more between trend adjusted cycles and classical cycles than the durations of entire cycles. Defining cycle phases as periods of below and above average growth tends to make their average lengths somewhat similar. When, on the contrary, expansions and contractions are defined as absolute rises and declines and upward trends predominate, expansions will be much longer than contractions. Thus, classical German expansions (1879-1932) lasted thirty-seven months on the average and contractions twenty-seven months. The duration of U.S. classical expansions, 1945-61, averaged thirty-six months and that of contractions only eleven months.

It would be interesting, of course, to compare the postwar course of German and United States business cycles. However, this has to await

⁵² Burns and Mitchell, *Measuring Business Cycles*, p. 371.

Summary

identification of turning points in U.S. trend adjusted data. Without this information one cannot tell to what extent the dissimilarity between the two chronologies is due to the difference in cycle concepts and to what extent to a truly different course of the two economies.